Deloitte.

Autonomy Corporation plc

Report to the Audit Committee on the 2009 Audit

Planning Report

DEL00007860

Contents

Executive summary

We have pleasure in setting out in this document details of our proposed audit scope for Autonomy Corporation plc and its subsidiaries for the year ending 31 December 2009.

Audit scope	We will seek to obtain sufficient, relevant and reliable audit evidence to enable Deloitte to express an objective audit opinion on the IFRS financial statements of the Group for the year ending 31 December 2009.
Materiality	Materiality levels are calculated on the basis of profit before tax from continuing operations. We estimate materiality based on expected results for the full year to be $20.6m (2008, $13.6m). We will report to the Audit Committee on all unadjusted misstatements greater than $412,000 (2008, $270,000) unless they are qualitatively material.
Key audit risks	The key audit risks which we have identified as part of our overall audit strategy are set out in Section 2.
Financial Reporting Review Panel ("FRRP")	During the year the company received a letter from the FRRP requesting information on certain of the Company's accounting and footnote disclosures. Management are presently working with the FRRP to help them better understand the business and to further consider the presentation of certain footnotes to the accounts. As part of the 2009 accounts preparation management will need to reflect any changes to the presentation of information that is agreed between them and the FRRP. At this point the FRRP has accepted management's proposition on most areas of reporting and the Company is working with the FRRP to finalise all remaining matters.
Prior year uncorrected misstatements and disclosure deficiencies	Prior year uncorrected misstatements are set out in Appendix 1. None of these misstatements are expected to reverse in the current year.
Timetable	The current proposed timetable is set out in Section 7.

Executive summary (continued)

Independence	Deloitte have developed important safeguards and procedures in order to ensure our independence and objectivity. These are set out in the "Independence policies and procedures" section of our Briefing on audit matters document dated 17 December 2009. We will reconfirm our independence and objectivity to the Audit Committee for the year ending 31 December 2009 in our final report to the Audit Committee.

Fees	We have discussed and agreed our audit fee with management and now put forward this proposition to the Audit Committee. We propose a world-wide year-end audit fee of £685,000 (2008 £485,000). This increase represents the additional scope of the Interwoven business following the acquisition in Q1 2009. An analysis of this fee is included in Appendix 2.

Engagement letter	A copy of the draft engagement letter to be signed on behalf of the Board has been distributed separately.

Matters for those charged with governance	We have communicated to you separately in our publication entitled "Briefing on audit matters" those additional items which we are required to report upon in accordance with International Standards on Auditing (UK & Ireland) and the Listing Rules. We will report to you at the final audit stage any matters arising in relation to those requirements.

1. Scope of work and approach

We will conduct our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISA (UK and Ireland)") as adopted by the UK Auditing Practices Board ("APB"). Our audit objectives are set out in our "Briefing on audit matters" document.

The audit opinion we intend to issue will reflect the financial reporting framework adopted by the Group and the associated presentation of the results of the Parent Company.

For the 2009 consolidated financial statements, we have used the latest budgeted pre tax profits as the benchmark for our materiality assessment (2008 benchmark: profit before tax from continuing operations) as this benchmark is deemed to be a key driver of business value, is a critical component of the financial statements and is a focus for users of those statements.

We have applied a 7.5% (2008: 7.5%) to this benchmark to determine a planning materiality of $20.6m. This percentage takes into account our knowledge of the company, our assessment of audit risks and the reporting requirements for the financial statements. The concept of materiality and its application to the audit approach are set out in our Briefing on audit matters document.

The extent of our procedures is not based on materiality alone but also on local considerations of subsidiaries and divisions of the group, the quality of systems and controls in preventing material misstatement in the financial statements, and the level at which known and likely misstatements are tolerated by you in the preparation of the financial statements.

2. Key audit risks

Based upon our initial assessment and following our quarterly reviews, we will concentrate specific audit effort on the following areas. Tax risks are discussed separately in section 3. No significance should be attached to the order in which the risks are set out below:

	Key audit risk	Background
1.	Assumed risk of fraud in relation to revenue recognition	A sample of larger revenue contracts will be tested in detail in order to ensure that recorded revenues meet the IAS 18 revenue criteria for recognition. This work will include tracing back to original contract information in order to ensure the authenticity of a sample of these contracts.
2.	Risk that revenue on licence deals which include support and maintenance is not appropriately deferred at fair value	We will examine a sample of larger contracts which include licence and support and maintenance ("bundled sales"). The deferral of revenues will be tested by checking the fair values by reference to the prices charged on a random sample of 2nd year renewals.
3.	Risk that new revenue deals are not recoverable from South American resellers	Any significant new South American reseller contracts will be selected as part of our revenue audit testing and assessed for recoverability.
4.	Risk surrounding the presentation of costs associated with hardware sales	Costs associated with hardware sales will be tested in detail to ensure they are appropriately classified in the financial statements.
5.	Risk that operating segments are not appropriately disclosed in accordance with IFRS 8	Consideration of the high level management reports will be undertaken and discussed with management in order to ensure that appropriate segments are identified and disclosed in the annual report.
6.	Risk that deferred revenue is released to the income statement when revenue is no longer recoverable	All large releases of deferred revenue will be reviewed to ensure that none of the releases are in respect of accounts receivable balances which are known not to be recoverable.
7.	Our prior year knowledge shows provision against doubtful debts is a key area of management judgement	The level of provisioning against doubtful receivables will be tested in detail. A sample of overdue debts will be selected and tested via an examination of correspondence, circularisation and management discussion in order to ensure that the overall bad debt provision appears reasonable.

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2. Key audit risks (continued)

	Key audit risk	Background
8.	Risk of management override of key controls through misuse of year end journal entries	A sample of key year end journals will be examined in order to determine that there are no material management override issues.
9.	Risk that research and development expenditure is capitalised which does not meet the criteria of IAS 38	Detailed testing will be performed over a sample of capitalised research and development costs to ensure that the criteria for capitalising such costs in terms of commercial and technological feasibility of projects have been achieved.
10.	Risk that goodwill may be impaired	Management is required to perform an impairment review of goodwill on an annual basis. This will be reviewed to ensure that no indication of impairment exists. As part of this review management will also need to consider how many cash generating units ("CGU's") the business maintains and, if more than one, how to allocate goodwill to each CGU. As part of this assessment management will need to determine how the IDOL technology interacts with all of the Group's products and how IDOL is introduced into the product range of new businesses that are acquired. Management will also need to determine the carrying value of each CGU and consider the reasonableness of all assumptions underpinning the impairment model.
11.	Risk that the conversion of the Interwoven Inc share options has not been appropriately calculated in accordance with IFRS 2	A detailed review of the conversion of the Interwoven Inc share options shall be performed to determine that the conversion was treated in accordance with IFRS 2.
12.	Risk surrounding the determined fair value of the intangible assets arising on the acquisition of Interwoven Inc	The valuation report produced by Duff and Phelps LLP will be tested in detail to ensure that the assumptions used are appropriate.
13.	Risk that the group may breach the covenants assigned to the debt funding obtained as part of the Interwoven Inc acquisition	Management's forecasts will be reviewed in detail to ensure that no future covenant breaches are expected.
14.	Risk surrounding the computation of key financial ratios reported in the financial statements.	The key financial ratios reported in the quarterly announcements have been coming under increasing scrutiny from financial analysts. Management's calculations will be reviewed in detail to ensure that they have been calculated on a consistent basis.

3. Taxation

As in the previous year James Ferguson will be the Global Tax Audit Partner.

Our approach will be to undertake a substantive examination of the tax position of the UK companies for 2009, including a review of prior year open computations and assumptions made. A tax review of the material overseas group companies will also be undertaken.

Based on our understanding of the group, we would anticipate that the following will be audit risks with respect to tax during 2009:

Tax issue	
Transfer pricing	Our tax team will be responsible for independently considering the tax balances within the accounts and our year end procedures will involve detailed work to ensure that the intra-group pricing is justifiable on an arm's length basis. This will include the Interwoven group of companies acquired during the year for which an arm's length value driver analysis is ongoing. Transfer pricing remains the key tax risk for the group given the changes to the business model of the group's US activities following acquisition.
US Consolidated group	Kelli Plants, tax audit partner in San Francisco, and a team in the US will be undertaking a detailed review of the US tax position including consideration of potential deferred tax items. The acquisition accounting for Interwoven and the utilisation of available US losses will be areas of particular focus given the US group is expected to be tax-paying for the year.
US Losses	Under the interaction of IFRS3 (Business Combinations) and IAS12 (Income Taxes), there is a complex accounting treatment for the recognition of deferred tax assets relating to 'pre-acquisition' tax losses not recognised in the initial acquisition accounting. This involves both a credit to the tax charge and an equal and opposite goodwill impairment charge. Whilst there is no net impact on earnings, there is an impact on the profit before tax and the tax charge. This accounting requirement will be removed following changes to the standard which will apply to the 2010 year end. During the year management has been working on developing more comprehensive deferred tax workings and on resolving uncertainties relating to the restrictions on the future use of US tax losses. A final report from PricewaterhouseCoopers ('PwC') on the section 382 US tax loss restrictions is expected to be issued before the year end. Our tax team will be responsible for reviewing the underlying assumptions behind the model and the appropriateness of the policy.
US Financing Structure	Ernst & Young ('E&Y') have issued their final opinion on the US financing structure implemented during the year. Specialists in our tax team will be responsible for reviewing the underlying assumptions behind the structure and the opinions provided.

4. Consideration of fraud

The primary responsibility for the prevention and detection of fraud rests with management and those charged with governance, including establishing and maintaining internal controls over the reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations. As auditors, we obtain reasonable, but not absolute, assurance that the financial statements as a whole are free from material misstatement, whether caused by fraud or error.

ISA (UK and Ireland) 240 – 'The auditor's responsibility to consider fraud in an audit of financial statements' requires us to document an understanding of how those charged with governance exercise oversight of management's processes for identifying and responding to the risks of fraud in Autonomy Corporation plc and the internal control that management has established to mitigate these risks.

We will make inquiries of management and others within the group as appropriate, regarding their knowledge of any actual, suspected or alleged fraud affecting the group. In addition we are required to discuss the following with the audit committee:

1. Whether the audit committee has knowledge of any fraud, alleged or suspected fraud?
2. The role that the audit committee exercises in oversight of:

   Autonomy Corporation plc's assessment of the risks of fraud; and

   the design and implementation of internal control to prevent and detect fraud?
3. The audit committee's assessment of the risk that the financial statements may be materially misstated as a result of fraud.

We will be seeking representations in this area from the Board in due course.

4. Consideration of fraud (continued)

Management override of controls

In addition to the procedures above we are required to design and perform audit procedures to respond to the risk of management's override of controls which will include:

- having understood and evaluated the financial reporting process and the controls over journal entries and other adjustments made in the preparation of the financial statements, test the appropriateness of a sample of such entries and adjustments.
- a review of accounting estimates for biases that could result in material misstatement due to fraud, including whether any differences between estimates best supported by evidence and those in the financial statements, even if individually reasonable, indicate a possible bias on the part of management. We will also perform a retrospective review of management's judgements and assumptions relating to significant estimates reflected in last year's financial statements. We will focus on revenue recognition, bad debt allowances and acquisition accounting judgements; and
- obtain an understanding of the business rationale of significant transactions that we become aware of that are outside the normal course of business or that otherwise appear to be unusual given our understanding of the Group and its environment.

We are also required to presume that there are risks of fraud in revenue recognition and conduct our audit testing accordingly (unless the presumption is rebutted). (See Key audit risks in section 2).

5. Internal control

Obtaining an understanding of internal control relevant to the audit

As set out in "Briefing on audit matters" circulated to you with this report, for controls considered to be 'relevant to the audit' we are required to evaluate the design of the controls and determine whether they have been implemented ("D & I").

The results of our work in obtaining an understanding of controls and any subsequent testing of the operational effectiveness of controls will be collated and the impact on the extent of substantive audit testing required will be considered.

Our audit is not designed to provide assurance as to the overall effectiveness of the controls operating within the Group, although we will report to management any recommendations on controls that we may have identified during the course of our audit work.

6. Other auditors

Planning our work

In planning to use the work of other auditors, including other Deloitte Touche Tohmatsu member firms, we will issue them with referral instructions detailing the scope of work which we will perform. Deloitte LLP in the USA will perform the audit field work for all US operations of the group. We will perform the Manager and Partner review of their work as well as attending local close out meetings via conference call. In addition, it should be noted that all key audit risk areas including revenues, trade receivables, deferred revenues and goodwill will be audited by Deloitte UK.

Assessing other auditors

As part of our referral instructions we will request other auditors, including other Deloitte Touche Tohmatsu member firms, to confirm to us their objectivity and independence, including acknowledgement of your policy on non-audit services. We will also consider whether they are 'fit and proper', competent and have adequate resources to undertake the work requested.

We will obtain assurance over the work of other auditors, including other Deloitte Touche Tohmatsu member firms as to the adequacy of their procedures insofar as they relate to our group audit, in a variety of ways, including:

- obtaining clearance reports, summary memoranda and/or questionnaires;
- requesting details of any matters identified at a local level which will be relevant to our report to you including control weaknesses;
- discussing key issues arising; and/or
- visiting them to review their working papers.

Where necessary we may request other auditors to carry out additional procedures in order to enable us to issue the Group audit opinion.

Reporting under IFRS and ISA (UK and Ireland)

Subsidiaries are continuing to prepare their reporting packs under local GAAP, with additional information to enable your head office to adjust these on consolidation to IFRS. These will include adjustments for share-based payments, pensions, tax and derivatives. Local auditors will be asked to test the additional information and we will audit the adjustments based on that information when we look at the consolidation.

The International Audit Approach applied by all Deloitte Touche Tohmatsu member firms covers the requirements of ISAs issued by the IAASB. Where appropriate we will provide other auditors with a checklist setting out the additional requirements of ISA (UK and Ireland).

7. Timetable

Set out below is the approximate expected timing of our reporting and communication with Autonomy Corporation plc and its shareholders:

Autonomy Corporation plc
High level timetable
Q4 2009

		Mon 04-Jan-10	Tue 05-Jan-10	Wed 06-Jan-10	Thu 07-Jan-10	Fri 08-Jan-10	Sat 09-Jan-10	Sun 10-Jan-10	Mon 11-Jan-10	Tue 12-Jan-10	Wed 13-Jan-10	Thu 14-Jan-10	Fri 15-Jan-10
Close revenue	Autonomy												
Close books	Autonomy												
Audit revenue	Deloitte												
US audits	Deloitte												
Audit costs	Deloitte												
Produce consolidation	Autonomy												
Audit consolidation	Deloitte												
Tax and draft press release	Autonomy												
Tax review	Deloitte												
Prepare notes	Autonomy												
Audit Partner reviews and QC	Deloitte												
Audit committee papers circulated	Aut/Del												
Audit committee	Aut/Del												
Announcement	Autonomy												

		Sat 16-Jan-10	Sun 17-Jan-10	Mon 18-Jan-10	Tue 19-Jan-10	Wed 20-Jan-10	Thu 21-Jan-10	Fri 22-Jan-10	Sat 23-Jan-10	Sun 24-Jan-10	Mon 25-Jan-10	Tue 26-Jan-10
Close revenue	Autonomy											
Close books	Autonomy											
Audit revenue	Deloitte											
US audits	Deloitte											
Audit costs	Deloitte											
Produce consolidation	Autonomy											
Audit consolidation	Deloitte											
Tax and draft press release	Autonomy											
Tax review	Deloitte											
Prepare notes	Autonomy											
Audit Partner reviews and QC	Deloitte	Press release		Deloitte internal review of annual report								
Audit committee papers circulated	Aut/Del											
Audit committee	Aut/Del											
Announcement	Autonomy											

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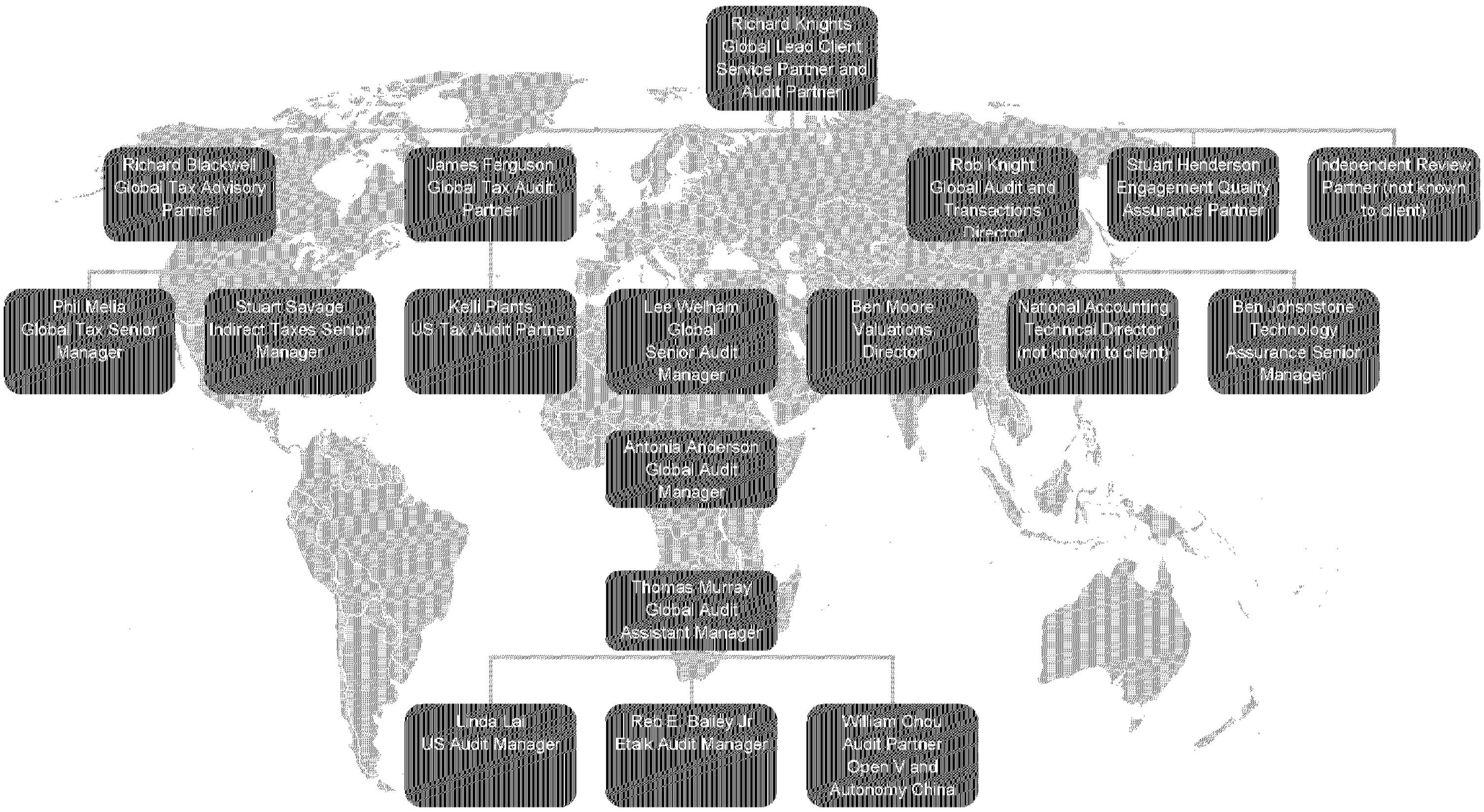
8. Client service team

We set out below our audit engagement team. To the fullest extent possible, we manage our audit on a basis that mirrors the Group's management structure.



9. Responsibility statement

This report should be read in conjunction with the "Briefing on audit matters" circulated to you with this report and sets out those audit matters of governance interest which have come to our attention during the audit to date. Our audit was not designed to identify all matters that may be relevant to the board and this report is not necessarily a comprehensive statement of all weaknesses which may exist in internal control or of all improvements which may be made.

We would be happy to consider a request to perform a more extensive study of these matters and, where compatible with our independence as auditors, assist you with implementing any improvements. As you will appreciate, such an exercise would be a separate engagement to our audit appointment, since the scope and context of our audit work in these areas is necessarily limited.

This report has been prepared for the Board of Directors, as a body, and we therefore accept responsibility to you alone for its contents. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Deloitte LLP
Chartered Accountants

Cambridge, UK

17 December 2009

Appendix 1: Prior year uncorrected misstatements and disclosure deficiencies

Uncorrected misstatements

The following uncorrected misstatements were identified during the course of our prior year audit:

		Credit/ (charge) to prior year income statement $'000	Increase/ (decrease) in prior year net assets $'000	Increase/ (decrease) in prior year retained earnings $'000	Increase/ (decrease) in turnover $'000
Factual misstatements					
Being under-accrual in etalk		(90)	(90)	-	-
Being correction of carve-out rate on BAE contract		276	276	-	-
Being removal of revenue recognised on Citi		(536)	(536)	-	(536)
Being removal of non-specific tax provision		1,100	1,100	-	-
Total		**750**	**750**	**-**	**(536)**

Disclosure deficiencies

Auditing standards require us to highlight significant disclosure deficiencies to enable audit committees to evaluate the impact of those matters on the financial statements. There were no areas of disclosure that we considered required consideration by the committee in the prior year.

Appendix 2: Analysis of professional fees

We summarise below our proposed audit fees as discussed with management, set out by company and including details of any scope changes:

£	Total
2008 year-end audit fee	485,000
Scope changes:	
1. Inclusion of the Interwoven Inc business	200,000
2009 year-end audit fee	**685,000**

Appendix 3: Multi-location considerations

Given the number of operating locations and subsidiaries within the Group, we have assessed the extent of procedures required to be performed at each location in order to gather sufficient audit evidence to reduce the risk of a material misstatement. Factors considered in making this assessment have included:

- centralisation of accounting function;
- identified risks relating to the operations;
- assessment of the risk of material misstatements at each location remaining undetected after considering inherent risk;
- control activities performed at the central location;
- our performance of analytical procedures at the central location;
- the date a particular location was last selected and visited, and the results of audit work performed;
- the extent to which the work of internal auditors can be used to provide audit evidence; and
- the need to issue separate financial statements and an audit report for a particular location.

Based on the above, we have agreed with management that we will perform full scope audit procedures for the year ending 31 December 2009 for all business units.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

TRIAL EXHIBIT NUMBER 6425

CASE NO. 3:16-cr-00462-CRB

DATE ENTERED 3/27/2018

BY ____________________
DEPUTY CLERK